

American Hardwood Export Council European market report

July/August 2020



MARKET UPDATE



**MARKET SLOWLY RECOVERING
AFTER MONTHS OF LOCKDOWN**

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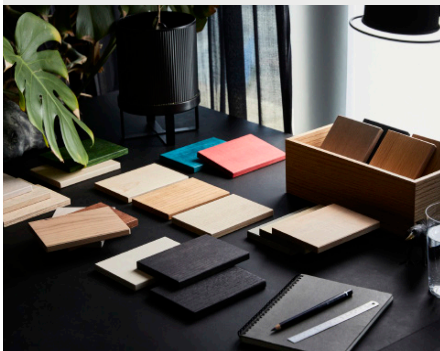
ACTIVITIES



**POLISH DESIGN STUDENTS
LEARN MORE ABOUT RED OAK
FOR UPCOMING PROJECT**

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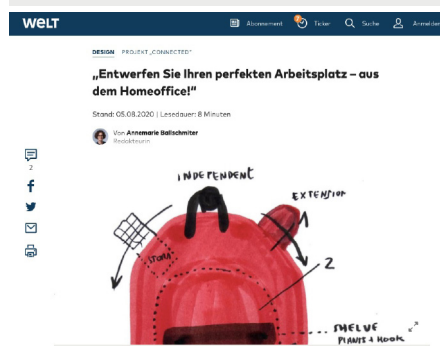
NEWS



**CONNECTED CONTINUES TO
GAIN MEDIA ATTENTION**

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PR HIGHLIGHTS



**HIGHLIGHTS IN THE PRESS
FROM THIS MONTH**

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MARKET UPDATE

Tough and slow trading conditions post lockdown, but the market is recovering

It is inevitable that months of “lockdown” across Europe during April, May and June would have a sharp impact on the hardwood trade. Many distributors and manufacturers were forced to close for some of the time and reopening has been a slow and cautious process in a market that that is still not fully functioning.

But talking to a few hardwood companies in the last week it appears that business is now picking up and there is a need to re-stock, especially on oak. General joinery, moulding, stairs, floors, doors etc seems to be where the business is for most markets. Furniture demand is low, but kitchen activity appears to be doing better. For a lot of markets, the driver for new business has shifted away from the hospitality and tourism sectors towards home improvement in the private sector. Another sector that has seen lively activity in the last few months is the exterior timber market, where demand in some markets is reported as good for cladding (siding), decking, garden furniture and temporary structures (sheds and pergolas). The bulk of this market is serviced by treated softwoods or durable species, such as larch, western red cedar or tropical hardwoods. One positive is that current exchange rates are favouring U.S. hardwood supplies as both Sterling and the Euro have weakened against the U.S. dollar in the last three months.

**It should be noted that the following comments are based on a small number of individuals from different markets (as many contacts are currently on summer leave) and therefore may not reflect the views of each market as a whole.*

One major **Italian** importer we talked to reports business down around 15% across the board. They are experiencing difficult conditions, but the situation is improving slowly. To make up some of the lost business the company is only having one week off in August instead of the usual month. Hardwoods sales generally are a lot slower than softwoods as demand has increased for small scale construction and landscaping. However, they are reporting that U.S. hardwood demand



Business is starting to pick up again after months of lockdown.

has picked up as more of their customer base reopens and begins to re-stock. So, after buying very little from the U.S. in the second quarter they are now buying again and expect shipments to increase in August and September, which will level off again towards end of the year as they will only be buying what is needed to maintain stock. Their three main U.S. species now are white oak, walnut and tulipwood.

But red oak sales are improving with some of their customers that produce stained products switching from European oak. They have just bought their first container of sassafras in a while, but report that there is virtually no interest in maple or cherry. They are buying very little ash from the U.S. now as “consistent priced lumber is hard to find. European ash is available and consistent in pricing”. More favourable exchange rates are also helping reduce costs by as much as 5% and if these levels are maintained it may attract more speculative purchasing. They also report their sales to the UK of mainly European oak have fallen away in the last six months with no sign of recovery at the moment.

One major **German** importer of U.S. hardwoods reports stable trading. After two difficult months in March and April trading levels are pretty near normal if not slightly better. They would have expected a much harder impact. They are more diverse with American species and grades than



some of their competitors, which they believe is helping. They have seen a bit more demand for cherry recently for furniture and mouldings. Overall, they are seeing more hardwood demand from their moulding customers for private home renovations. They are maintaining their usual purchasing levels for now and will review at the end of the year.

According to a leading **Irish** hardwood importer “after a short sharp shock from ‘lockdown’, trading is now improving” and despite difficult trading conditions they would “still expect to be back to being profitable again by the end of the year”. This will be helped by the fact that in Ireland construction and shopfitting activity is beginning to return to somewhere near normal levels. This company is looking at significantly growing its American hardwood business. Part of this push has been to introduce red oak to the interior joinery sector, so far this is working with an increasing number of their joinery customers looking at red oak as a competitive oak option. With continued pressure on traditional oak supplies they believe there is good growth potential in the longer term.

A **UK** hardwood agent told that orders for American hardwoods are beginning to come in again, but business is still very sluggish post lock down. The view for them and their trade customers is that, as with most items, demand

for American hardwood has been very slow. “The kitchen market is doing alright but the furniture sector is slow. Tulipwood is moving well with good demand. White oak is in tight supply with prices firming. Some mills are reporting that supply will fall off a cliff in the fall leading to some saying limited availability in this species for 12 months”.



Good demand of tulipwood, says UK importer.

One small to medium UK importer has seen a gradual pick up through June and July but August is now quiet, due to the holidays. They commented that demand for walnut was very quiet compared to how it has been in recent years. But they are buying white oak, tulipwood and some ash for September and October shipments to replace stock, but after that they will be unlikely to buy a lot else before the end of the year unless demand suddenly takes off! If they need to fill gaps, then they will buy packs from traders with landed stock. This was confirmed by a leading trader who said they had “maintained all their contracts and kept buying during ‘lockdown’ and have deliberately built up stock to service smaller importers and distributors on a just in time pack by pack basis. According to another UK importer their U.S. hardwood activity is “still well below normal levels with the exception of tulipwood sales to the kitchen manufacturing sector”.

One **Dutch/Belgian** importer reports the steady decline in American hardwood lumber purely



Irish importer says trading is improving and they expect to be profitable again by the end of the year.



because of the decline in use of solid hardwood by furniture manufactures and the shift to veneer even with the higher end furniture manufacturing companies. They have been actively promoting red oak and are working with a major Belgian manufacturer who are experimenting with a range of outdoor furniture in solid red oak.

Lumber exports to Europe fall but some markets and red oak hold up

Exports of U.S. hardwood lumber to the EU27+UK for January to June 2020 have seen a drop of 16% in volume compared to the same period last year to 142,495m³. A significant reduction but perhaps not as severe as it could have been considering the impact of Covid-19 “lockdowns” on trading and manufacturing activity, especially in the second quarter. The length and severity of the economic shutdowns has varied from country to country and so has the impact on US hardwood exports with some countries fairing much better than others.

Shipments to the UK were down by 30%, a fall in volume of over 16,500m³ to 39,766m³ with most of the drop coming in the second quarter. But the UK is still the single most important market, accounting for 28% of total exports for the period. White oak, tulipwood, ash and walnut all saw decreases of more than 30%, whereas red oak shipments were up slightly on the same

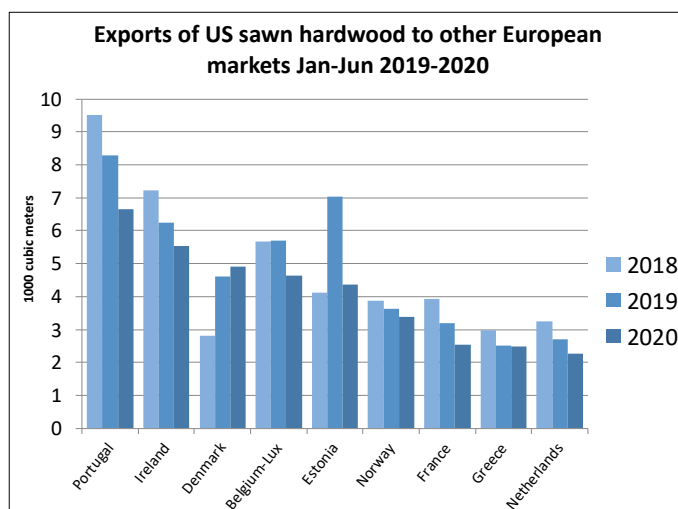


Chart 2: Exports of U.S. hardwoods to other European markets.

period last year to 3,412m³. Germany on the other hand actually saw an increase in exports for the six months up by 4% to 22,189m³ boosted by a 14% increase in white oak to 10,892m³ and a 21% increase in tulipwood shipments to 6,162m³. Walnut exports were down by 36%. Exports to Italy continue to slide and this has been accelerated this year with a further drop of 24% to just 16,253m³. Tulipwood shipments were 6,899m³ (-30%) and white oak 4,486 (-17%) and red oak increased by 4% to 1,773m³. Lumber

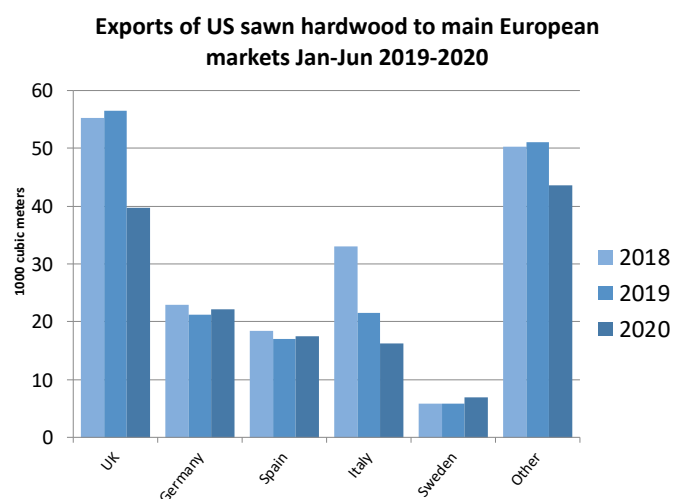


Chart 1: Exports of U.S. hardwood to main European markets.

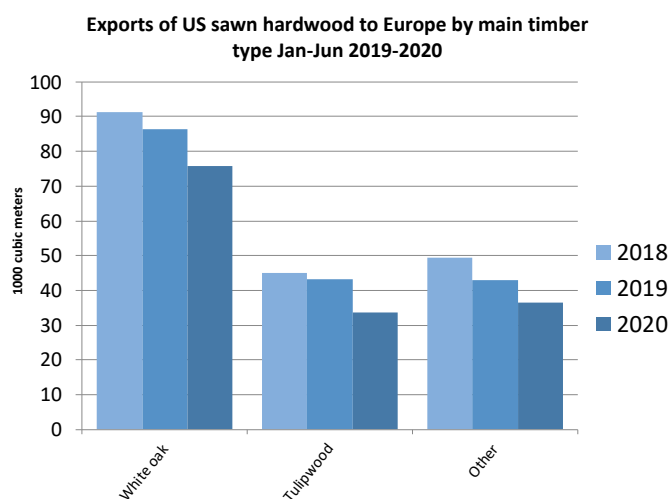


Chart 3: Exports of U.S. hardwoods to Europe by main timber.



exports to Spain were maintained at similar levels to last year with a small increase of 3% to 17,528m³. White oak accounted for 75% of the total at 13,283m³ (+5%) and red oak shipments continue to rise up 15% to 2,283m³. A significant increase in oak shipments to Sweden, mainly for flooring and moulding manufacture, saw exports for the period increase to 6,915m³ (+18%) with white oak at 4,873m³ (+22%) and red oak 1,135m³ (+10%). Estonia has not fared as well with a big drop in exports so far this year, down 38% to 4,367m³ with ash at 2,325m³ (-28%) and white oak 1,669m³ (-49%). Exports to most other markets fell: Portugal 6,664m³ (-19%), Ireland 4,367m³ (-38%) Belgium 4,641m³ (-19%), Netherlands 2,277m³ (-16%) France 2,549m³ (-20%) but Denmark bucked the trend with exports up to 4,908m³ (+6%) most of which was accounted for by white oak 4,424m³ (+21%) mainly for flooring production and interior moulding.

In terms of overall exports of U.S. hardwood lumber the EU27+UK for the first half of the year, white oak was just over half the total at 72,595m³ (-13%), then tulipwood at 28,763m³ (-17%), followed now by red oak 13,495m³ (+12%) then ash 9145m³ (-21%) and walnut 7,721m³ (-36%). It is encouraging to see that red oak is continuing to be more widely used in Europe at last. Whereas in contrast, total shipments of all cherry and maple combined were only just over 2,000m³. These once important but now forgotten species are at

the centre of AHEC's current promotional efforts in Europe as red oak has been for the past few years.

ACTIVITIES

Polish design students discover red oak

The lockdown hasn't made AHEC Europe stop its promotional activity in the Polish market. After the successful red oak installation presented The Academy of Fine Arts in Warsaw last year, created by well-known designer Tomek Rygalik, the team has been busy working closely with Polish design and wood technology students in an ongoing process to educate and inspire them about the use of American hardwoods.



Polish design and wood technology students to design tables in American red oak in new project.

Exports of US sawn hardwood to Europe by other timber type Jan-Jun 2019-2020

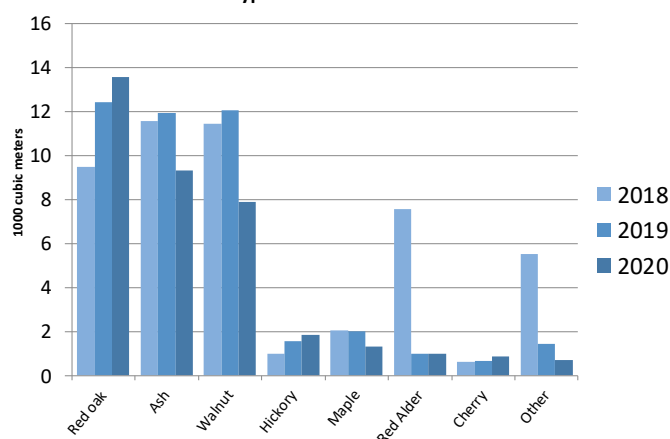


Chart 4: Exports of U.S. hardwoods to Europe by other timber.

A selected group of students from The Academy of Fine Arts and The University of Poznan have been challenged to design a set of beautiful red oak tables to match the chairs from the 'Natural born' project, using repurposed material from the [Natural Born exhibition](#). In July, the students visited the workshop of local furniture makers Swallow's Tail (who work regularly with American hardwoods), where they had the opportunity to learn more about red oak; how to select it, how to machine it and how finish this material in different ways to boost its look and versatility.



The tables are being made at Swallow's Tail and we are hoping the project will be presented at a press event in the coming months.



The students visited the workshop last month to learn more about American red oak. .



Article on *Connected* in German weekly newspaper 'Welt am Sonntag', a newspaper with a print circulation of more than 415 000 copies.


NEWS

Connected keeps gaining momentum in the run up to the opening

Press articles, interviews, designer video diaries, and masses of social media posts are all creating a buzz for our Connected project and we haven't even presented the finish pieces yet! While all this is going on, Benchmark are making and AHEC's Europe team are working on setting up a virtual exhibition to be launched in September, at the same time as the physical exhibition at London's Design Museum. This innovative approach will allow press and specifiers from across Europe, who will not be able to attend London Design Festival this September due to the current circumstances, to experience the project and learn about these underused sustainable hardwoods from the comfort of their homes. We will report on the final outcome launch and all associated activity for Connected in a special report in September.



PR HIGHLIGHTS



DESIGN PROJEKT „CONNECTED“


„Entwerfen Sie Ihren perfekten Arbeitsplatz – aus dem Homeoffice!“

Stand: 05.08.2020 | Lesedauer: 8 Minuten

Von Annemarie Ballschmider
Redakteurin

Connected
American red oak, maple and cherry
Welt am Sonntag | Germany

11,100,000
monthly
visitors



MAD White

PRZEJĀZ NA STRONĀ GŁÓWĀ

MODA ARCHITEKTURA DESIGN PORTFOLIO WYDARZENIA SKLEP O NAS REKLAMA

JOHN SORRELL I JEGO GNIAZDO, KTÓRE ZAPROJEKTOWAŁ W SWOIM OGRODZIE

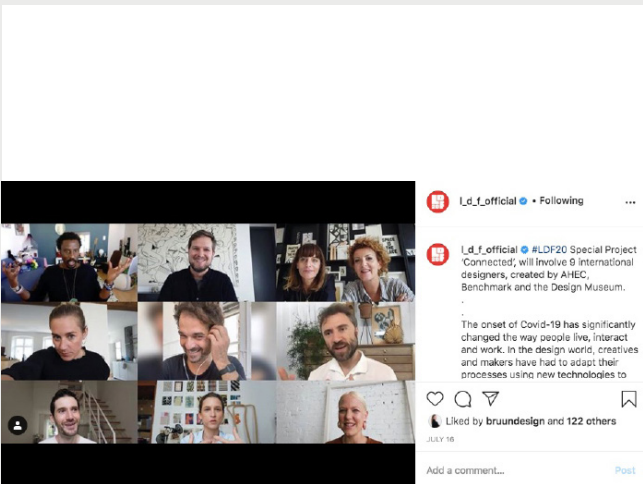
KB x 20 LIPCA 2020 x DESIGN

Sir John Sorrell CBE jest współzałożycielem i dyrektorem generalnym Festiwalu Designu w Londynie. Wcześniej przewodniczył brytyjskim organom ds. projektowania publicznego – Radzie ds. Projektowania oraz Komisji ds. Architektury i Budownictwa – a także założył i przewodniczył

NOWY NUMER
MAGAZYN
WHITEMAD

Legacy
American red oak
Mad White | Poland

120,000
monthly
visitors



ldf_official • Following

ldf_official • #LD20 Special Project 'Connected', will involve 9 international designers, created by AHEC, Benchmark and the Design Museum.

The onset of Covid-19 has significantly changed the way people live, interact and work. In the design world, creatives and makers have had to adapt their processes using new technologies to

Liked by bruundesign and 122 others


JULY 16

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Post

Connected
American red oak, maple and cherry
London Design Festival | Instagram

290,900
followers



VOGUE

Maria Jeglińska-Adamczewska o projekcie „Connected“

KRZYSZTOF WĄSICZKOWSKI

Connected
American red oak, maple and cherry
Vogue PL | Poland

40,000
monthly
visitors



EXCHANGE RATES

	30/04/20	31/05/20	30/06/20	31/07/20
1 EURO = \$	1.09	1.11	1.12	1.18
\$1 = EURO	0.92	0.90	0.89	0.84
£1 Sterling = \$	1.25	1.23	1.23	1.31
\$1 = Danish DKr	6.84	6.71	6.64	6.29
\$1 = Swedish SKr	9.8	9.41	9.33	8.7
\$1 = Czech Kr	23.15	24.22	23.80	22.14
\$1 = Hungarian Forint	323.7	311.3	316.4	290.9
\$1 = Polish Zloty	4.17	4.0	3.96	3.72
\$1 = Russian Rouble	73.56	70.14	70.73	73.84
\$1 = Turkish Lira	6.97	6.80	6.85	6.97

